



KANSAS

DIVISION OF HEALTH POLICY AND FINANCE

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Testimony on:
Healthy Kansas First 5

presented to:
Senate Financial Institutions and Insurance Committee

by:
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Healthy Kansas First 5

Madam Chair and members of the committee, I am Robert Day, Executive Director of the Division of Health Policy and Finance (DHPF) and Director of the Kansas Health Policy Authority (KHPA). I have been asked to describe the Governor's proposal to provide health coverage to all children through their fifth year.

We estimate that approximately 15,000 Kansas children five years old and younger are uninsured. Of these, 10,000 live in families with incomes under 200.0 percent of the federal poverty level (FPL) and would otherwise be eligible for HealthWave. The Governor has recommended two initiatives to help provide health insurance coverage for these children. She has added \$2.5 million, including \$1.0 million from the State General Fund, to implement a policy of presumptive eligibility for HealthWave eligible children. This program would allow hospital and clinic staff to perform an expedited review of family status and income and make a "presumptive" determination of a child's qualification for HealthWave. Based on that determination, state staff would activate the child's medical eligibility for 30 days while the family completes a full medical eligibility application and determination. This more rapidly connects children to programs they are already eligible for and guarantees a payment source for the provider.

The Governor also recommended \$3.5 million from the State General Fund to provide access to health insurance for all Kansas children from birth through age five. In order to leverage FFP we will use available federal funding to cover these children by increasing the Medicaid eligibility level for pregnant women and infants to 185.0 percent of FPL. Currently, pregnant women and infants are covered at 150.0 percent of FPL and children through their fifth year are covered at 133.0 percent of FPL. At the same time, the income eligibility levels for the State Children's Health Insurance Program (SCHIP) would be increased to 235.0 percent of FPL. This is a 35.0 percent increase in the current income eligibility levels. By federal regulation, the SCHIP income eligibility levels can not exceed 50.0 percent of the highest Medicaid income level. While making these changes will require federal approval and state eligibility system revisions, expanding the current Medicaid and SCHIP HealthWave program leverages existing managed care networks and enrollment processes in the HealthWave Clearinghouse. This approach also allows for federal matching dollars to finance 60.0 percent of the Medicaid expansion and 72.0 percent of the SCHIP expansion.

For Kansas children over 235.0 percent of FPL, DHPF would create a mechanism for families to purchase HealthWave coverage for children five and younger. In the current program, families with incomes over 150.0 percent of FPL are charged a monthly family premium of \$20 or \$30 to participate in the cost of the benefit. In the Governor's proposal,

families over 235.0 percent of FPL with children five or younger would be required to pay a monthly premium to access the HealthWave benefit package. DHPF would charge the premium for each enrolled child and would increase the amount as family income increases until the family pays the full actuarial cost of the HealthWave benefit. The final premium amounts have not been determined, but would likely range from \$50 to \$70 per child, per month for families under 300.0 percent of FPL. Federal funds are not available for these families, but this solution takes advantage of the existing infrastructure and name recognition of HealthWave to provide a comprehensive health insurance benefit. Also, to avoid potential crowd out of private insurance, families would have to provide evidence that the children do not have access to employer based health insurance and have been uninsured for at least six months prior to becoming eligible for the HealthWave buy in.

That concludes my testimony. I would be happy to stand for questions.